

FIRST REGULAR SESSION

# HOUSE BILL NO. 990

## 99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE KORMAN.

1976H.011

D. ADAM CRUMBLISS, Chief Clerk

### AN ACT

To amend chapter 313, RSMo, by adding thereto four new sections relating to video lottery.

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 313, RSMo, is amended by adding thereto four new sections, to be known as sections 313.425, 313.427, 313.429, and 313.431, to read as follows:

**313.425. Sections 313.425 to 313.431 shall be known and may be cited as the "Missouri Video Lottery Control Act" and shall establish the regulatory framework for the use of player-activated video terminals for the conduct of lottery games.**

**313.427. As used in sections 313.425 to 313.431, the following words and phrases shall mean:**

**(1) "Commission" or "lottery commission", the five-member body appointed by the governor to manage and oversee the lottery under section 313.215;**

**(2) "Credit", one, five, ten, or twenty-five cents either won or purchased by a player;**

**(3) "Establishment", any establishment owned or operated by a video lottery game retailer that is licensed under chapter 311 to sell liquor at retail by the drink;**

**(4) "Video gaming terminals", any electronic video game machine that, upon insertion of cash, electronic cards, or vouchers, or any combination thereof, is available to play or simulate the play of a video game including, but not limited to, video poker, line up, and blackjack, utilizing a video display and microprocessors in which the player may receive free games or credits that can be redeemed for cash. The term shall not include a machine that directly dispenses coins, cash, or tokens or is for amusement purposes only;**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15           (5) "Video lottery game adjusted gross receipts", the total of cash or cash  
16 equivalents used for the play of a video lottery game on a video lottery game terminal  
17 minus cash or cash equivalent paid to players as a result of playing video lottery games on  
18 a video lottery game terminal;

19           (6) "Video lottery game handler", a person employed by a licensed video lottery  
20 game operator to handle, place, operate, and service video lottery game terminals and  
21 associated equipment;

22           (7) "Video lottery game manufacturer", any person that manufactures video lottery  
23 game terminals or major parts and components for video lottery game terminals as  
24 approved by the lottery commission;

25           (8) "Video lottery game operator", a person licensed by the commission that owns,  
26 rents, or leases services or maintains video lottery game terminals for placement in licensed  
27 video lottery retailer establishments;

28           (9) "Video lottery game retailer", a person meeting the requirements of a lottery  
29 game retailer under section 313.260 and possessing a license to sell liquor by the drink with  
30 whom a licensed video lottery game operator has contracted for the placement of a video  
31 lottery game terminal;

32           (10) "Video lottery game terminal", a coin, currency, or voucher player-activated  
33 terminal that uses a video display and microprocessor capable of randomly generating the  
34 outcome of video lottery games approved by the commission where the player may receive  
35 a free game, credit, or ticket that may be redeemed at a video lottery game ticket  
36 redemption terminal. All video lottery games approved by the commission shall have a  
37 minimum payout of eighty-five percent;

38           (11) "Video lottery game ticket redemption terminal", the collective hardware,  
39 software, communications technology, and other ancillary equipment used to facilitate the  
40 payment of tickets cashed out by players as a result of playing a video lottery game  
41 terminal;

42           (12) "Voucher" or "ticket", a document printed at the conclusion of any lottery  
43 game play or plays on a video lottery game terminal that is redeemable in the establishment  
44 for which it was issued.

313.429. 1. The commission shall implement a system of video lottery game  
2 terminals utilizing a licensing structure for processing license applications and issuing  
3 licenses to video lottery game manufacturers, video lottery game operators, video lottery  
4 game handlers, and video lottery game retailers for the conduct of lottery games utilizing  
5 video lottery game terminals within the state; except that, a person licensed as a:

(1) Video lottery game manufacturer shall not be issued a license as a video lottery game operator or a video lottery game retailer;

(2) Video lottery game operator shall not be issued a license as a video lottery game manufacturer or video lottery game retailer; and

(3) Video lottery game retailer shall not be issued a license as a video lottery game manufacturer or video lottery game operator.

Nothing in this subsection shall prevent a video lottery game manufacturer from obtaining a video lottery game manufacturer's license and providing and operating the centralized system for monitoring video lottery game terminals.

2. Under no circumstances shall the commission:

(1) Authorize or allow a single vendor or licensee to implement the system of video lottery game terminals created under this section; or

(2) Allow a single licensed video lottery game operator to control or operate more than twenty-five percent of video lottery game terminals in the state.

3. (1) The video lottery game system authorized by this section shall utilize multiple video lottery game manufacturers and video lottery game operators to encourage private sector investment and job opportunities for Missouri citizens. The commission may impose an initial nonrefundable application fee as follows:

(a) For video lottery game manufacturers and video lottery game operators, no more than fifty thousand dollars to cover the cost of background checks of the applicants;

(b) For video lottery game retailer establishments, no more than five hundred dollars; or

(c) For video lottery game handlers, no more than one hundred dollars.

(2) Video lottery game manufacturers, video lottery game operators, video lottery game handlers, and video lottery game retailers shall annually renew any license issued under this section for a fee as follows:

(a) Five thousand dollars for video lottery game manufacturers;

(b) Five thousand dollars for video lottery game operators;

(c) Fifty dollars for video lottery game handlers; and

(d) Five hundred dollars for each video lottery game retailer's establishment.

(3) In addition to the fees required in subdivisions (1) and (2) of this subsection, video lottery game operators shall annually pay the commission a fee of two hundred dollars for each video lottery game terminal placed in service.

(4) Any license fee for a video lottery game terminal shall be prorated, but no license fee shall be refunded if the video lottery game terminal is taken out of service. A

license issued under this subsection shall be good for a period of two years upon payment of the appropriate renewal fee prior to the beginning of the second year and is nontransferable. Nothing in this subsection shall be construed to relieve the licensee of the affirmative duty to notify the commission of any change relating to the status of the license or to any other information contained in the application materials on file with the commission.

4. No license shall be issued to any person who has pled guilty to or been convicted of a felony. No license requirement, fee, or tax shall be imposed by any local jurisdiction upon a video lottery game manufacturer, video lottery game operator, video lottery game retailer, video lottery game handler, or video lottery game terminal or an establishment relating to the operation of video lottery games, video lottery game terminals, or associated equipment.

5. Licensed video lottery game manufacturers may sell video lottery game terminals to licensed video lottery game operators. Such video lottery game terminals shall be independently tested, capable of randomly generating the outcome of games approved by the commission, and able to print tickets. Such video lottery game terminals shall be connected to a centralized system that uses standard industry protocols approved by the commission that allows the commission to activate or deactivate a particular video lottery game terminal from a remote location and capable of monitoring and auditing plays. The commission shall procure and provide such centralized system, and such vendor shall not be eligible to be licensed as a video lottery game operator or video lottery game retailer.

6. (1) Licensed video lottery game operators:

(a) May buy, lease, or rent video lottery game terminals from licensed video lottery game manufacturers;

(b) May handle, place, and service video lottery game terminals; and

(c) Shall pay winning tickets using a video lottery game ticket redemption terminal located at the video lottery game retailer's establishment.

Rents or leases for video lottery game terminals shall be written at a flat rate and shall not include revenue splitting as a method used in the calculation of the lease or rent. A video lottery game manufacturer or video lottery game operator may sell, lease, rent, trade, or exchange any used video lottery game terminal to another licensed video lottery game operator or video lottery game manufacturer if such video lottery game terminal continues to meet the independent testing standard prior to being activated for play.

(2) Licensed video lottery game operators and licensed video lottery game retailers shall enter into an agreement for the placement of video lottery game terminals. The

78 agreement shall be on a form approved by the commission and shall specify the percentage  
79 of adjusted gross receipts that such video lottery game operator will pay the video lottery  
80 game retailer for video lottery game plays at such establishment. An agreement for the  
81 placement of a video lottery game terminal entered into by a video lottery game operator  
82 with a video lottery game retailer prior to the enactment of sections 313.425 to 313.431  
83 shall be invalid. Video lottery game operators are specifically prohibited from offering  
84 anything of value, other than the percentage of adjusted gross receipts from plays at such  
85 location, to a video lottery game retailer for the placement of video lottery game terminals.  
86 Persons violating this subdivision are subject to the loss or prohibition of their video lottery  
87 game operator's license.

88 (3) A video lottery game operator's terminal may use a player reward system for  
89 tracking players and awarding players credits.

90 7. No licensed video lottery game operator shall:

91 (1) Offer a single-game play exceeding two dollars, nor shall the pay-out for a  
92 single-game winning play exceed five hundred dollars;

93 (2) Operate in a retail establishment that is not also licensed to serve liquor by the  
94 drink, except if the primary business is offering services and amenities to large trucks at  
95 a location situated on three or more contiguous acres within two thousand feet of an  
96 interstate or other major highway and sells more than twenty-five thousand gallons of  
97 diesel fuel per month;

98 (3) Operate more than five video lottery game terminals at one video lottery game  
99 retailer establishment; except that, an establishment primarily catering to patrons of a  
100 fraternal or veterans organization that sells liquor, wine, or beer by the drink at retail may  
101 operate up to ten video lottery game terminals as approved by the commission; or

102 (4) Advertise video lottery games outside of a licensed video lottery game retailer's  
103 establishment through any media outlets or direct mail or telephone solicitations. The  
104 advertising prohibition contained in this subdivision shall apply to all licensees including,  
105 but not limited to, video lottery game manufacturers, video lottery game operators, video  
106 lottery game retailers, and video lottery game handlers.

107 8. (1) A person under twenty-one years of age shall not play video lottery games,  
108 and such video lottery game terminals shall be located within the unobstructed line of sight  
109 of the bar or sales counter and under the supervision of an adult to prevent persons under  
110 twenty-one years of age from playing video lottery games. A warning sign shall be posted  
111 in a conspicuous location where such video lottery game terminals are located, containing  
112 in red lettering at least one-half inch high on a white background the following:

113           **"YOU MUST BE AT LEAST 21 YEARS OF AGE TO PLAY VIDEO LOTTERY**  
114 **GAMES."**

115           **(2) A video lottery game operator shall also post a sign in a conspicuous location**  
116 **where such video lottery game terminals are located, containing in red lettering at least**  
117 **one-half inch high on a white background a telephone contact number (1-800-BETSOFF)**  
118 **for the problem gambling helpline.**

119           **9. (1) Video lottery game operators shall pay the commission thirty-five percent**  
120 **of the video lottery game adjusted gross receipts, which shall, except for administrative**  
121 **expenses, be transferred to the lottery proceeds fund. The commission shall, to cover**  
122 **administrative costs, compensate the municipality where a licensed video lottery game**  
123 **retailer maintains an establishment licensed for the operation of video lottery game**  
124 **terminals or if such licensed establishment is not located within the corporate boundaries**  
125 **of a municipality, then the county where such licensed establishment is located. Such**  
126 **compensation shall be equal to five percent of the video lottery game adjusted gross**  
127 **receipts.**

128           **(2) Video lottery game operators shall retain sixty-five percent of the video lottery**  
129 **game adjusted gross receipts for administrative expenses, which shall be divided between**  
130 **the video lottery game operator and video lottery game retailer as agreed under**  
131 **subdivision (2) of subsection 6 of this section.**

132           **10. All fees collected by the commission for license renewals shall be distributed to**  
133 **the Missouri veterans commission. The commission shall establish a procedure to**  
134 **distribute such renewal fees at least annually.**

**313.431. 1. In order to expedite the orderly implementation of the video lottery**  
2 **game system authorized under this section, the commission shall:**

3           **(1) Issue a request for proposal for the supply and operation of a centralized**  
4 **communication system for video lottery games by September 1, 2017;**

5           **(2) Make license applications for video lottery game manufacturers, video lottery**  
6 **game operators, video lottery game retailers, and video lottery game handlers available to**  
7 **applicants by September 1, 2017;**

8           **(3) Issue a provisional license to an applicant for a video lottery game**  
9 **manufacturer's, video lottery game operator's, video lottery game retailer's, or video**  
10 **lottery game handler's license if such applicant satisfies all of the following criteria to the**  
11 **satisfaction of the commission:**

12           **(a) The applicant has never been convicted of a felony;**

13           **(b) The applicant is current on all state taxes;**

14           (c) The applicant has submitted a complete application for licensure as a licensed  
15 video lottery game manufacturer, video lottery game operator, video lottery game retailer,  
16 or video lottery game handler, which shall be submitted concurrently with the applicant's  
17 request for a provisional license;

18           (d) The applicant has never been convicted of any gambling law violation in any  
19 jurisdiction; and

20           (e) The applicant for a video lottery game retailer's license has been issued and  
21 holds a valid license to sell liquor by the drink under chapter 311.

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23 A provisional license shall be issued by the commission within ninety days from the date  
24 on which the application was first received unless the commission shows cause that the  
25 license application is deficient or such applicant does not meet the criteria for licensure.

26           2. The commission may establish priority for issuing provisional licenses if such  
27 applicant is currently licensed under sections 313.200 to 313.353 or sections 313.800 to  
28 313.850; holds a license in good standing from a regulatory body of another state to  
29 operate, handle, or maintain video gaming terminals or video lottery game terminals that  
30 are substantially similar to video lottery game terminals authorized under this section; or  
31 if such person has been in the business of locating and operating amusement games within  
32 this state continuously for a period of five years.

33           3. A provisional license shall be valid until:

34           (1) The commission either approves or denies the applicant's application for  
35 licensure;

36           (2) The provisional license is terminated for a violation of this section; or

37           (3) One calendar year has passed since the provisional license was issued.

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39 Nothing in this section shall prohibit an applicant for a video lottery game manufacturer's,  
40 video lottery game operator's, video lottery game retailer's, or video lottery game handler's  
41 license from applying for a renewal of the provisional license issued under this section so  
42 long as the commission has not made a final determination to award or deny the applicant  
43 a license.

44           4. Each applicant shall attest by way of affidavit under penalty of perjury that the  
45 applicant is not otherwise prohibited from licensure according to the requirements of this  
46 section.

47           5. All requests for provisional licensure under this section shall include the  
48 following fee, which is in addition to the applicable fee required for an application for  
49 licensure and shall be retained by the commission:

- 50        **(1) Five thousand dollars for a video lottery game manufacturer;**
- 51        **(2) Five thousand dollars for a video lottery game operator;**
- 52        **(3) Five hundred dollars for a video lottery game retailer's establishment; or**
- 53        **(4) One hundred dollars for a video lottery game handler.**

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